

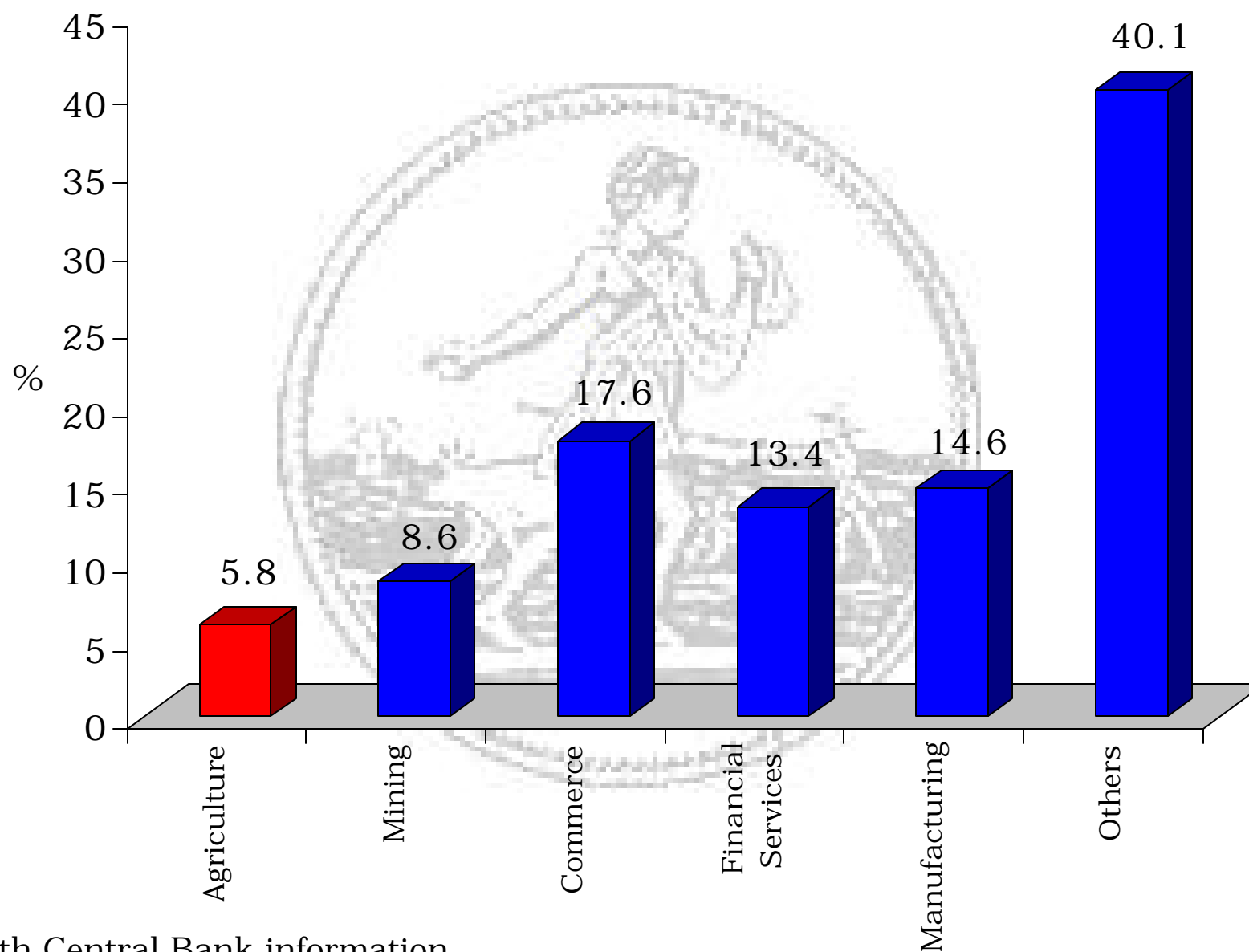


A CHILEAN PERSPECTIVE ON BILATERAL AND REGIONAL MARKET ACCESS AGREEMENTS

**GUSTAVO A. ROJAS
GENERAL MANAGER
NATIONAL FARMERS
FEDERATION - CHILE**

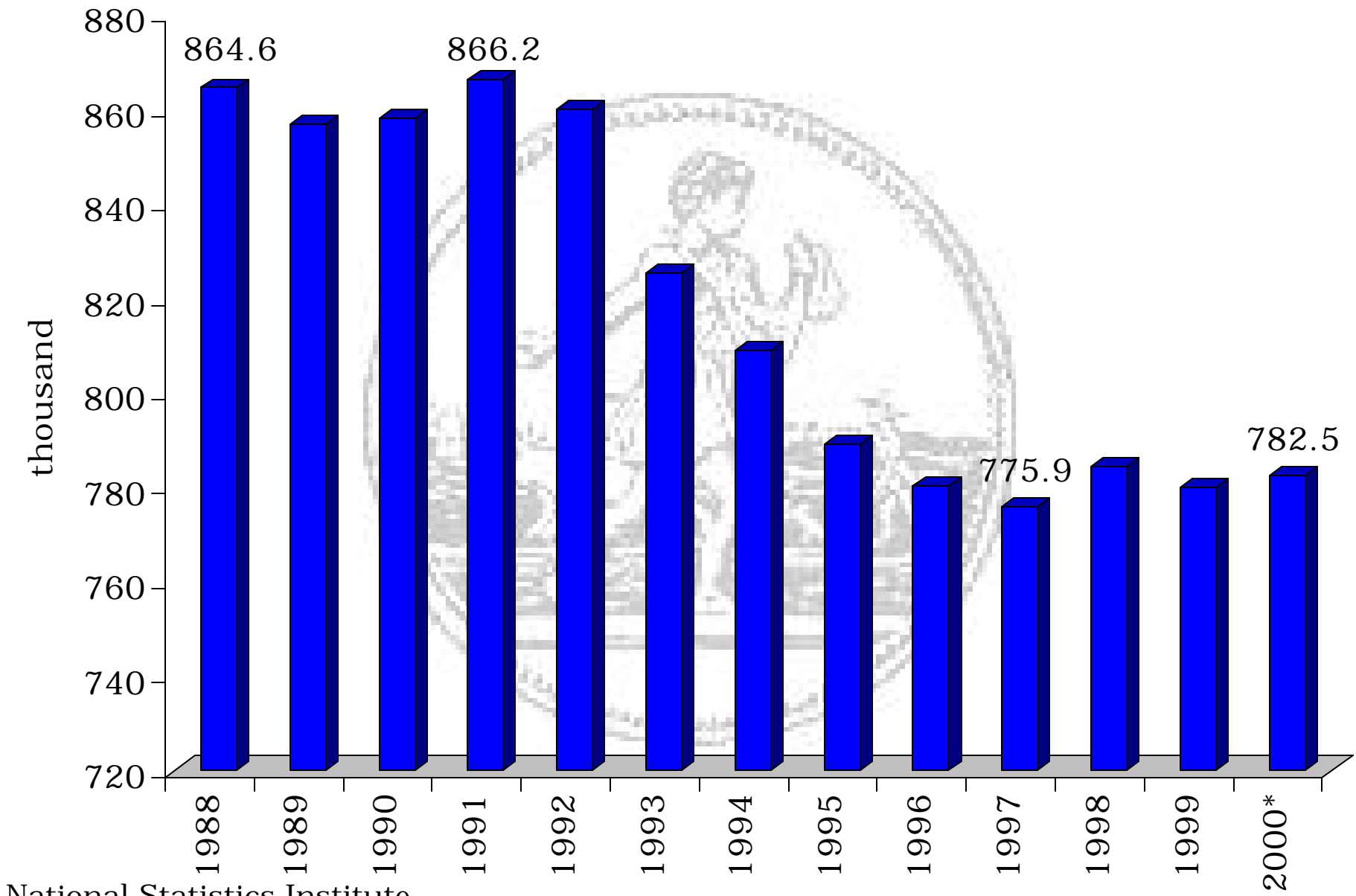
- **Chilean Agriculture data**
- **Chilean Signed Agreements**
- **Chile vs USA**
- **Free Trade Agreement**
- **Conclusions**

Agricultural GDP Participation in Chile



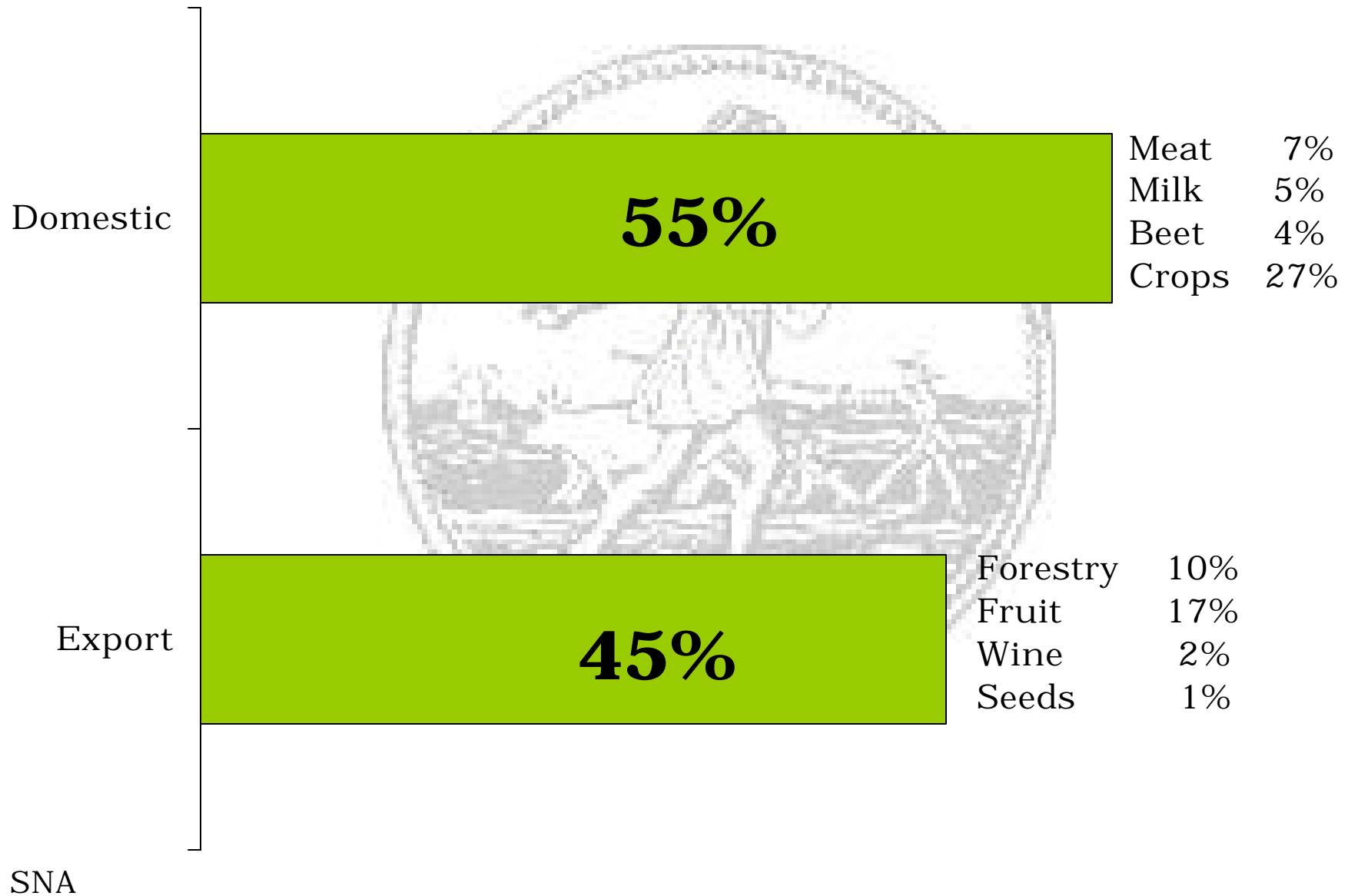
SNA, with Central Bank information

Permanent Agricultural Labor Force Evolution

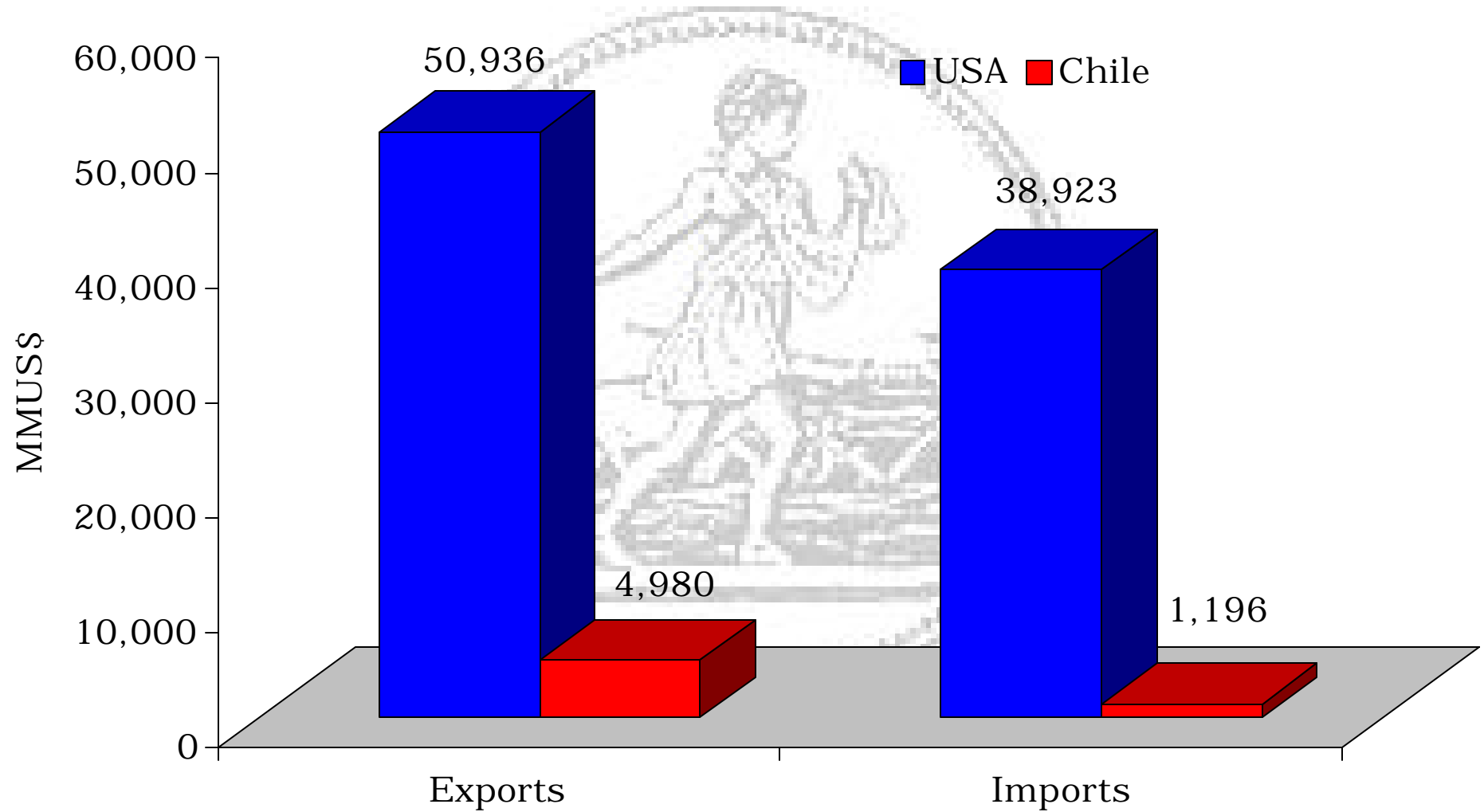


National Statistics Institute

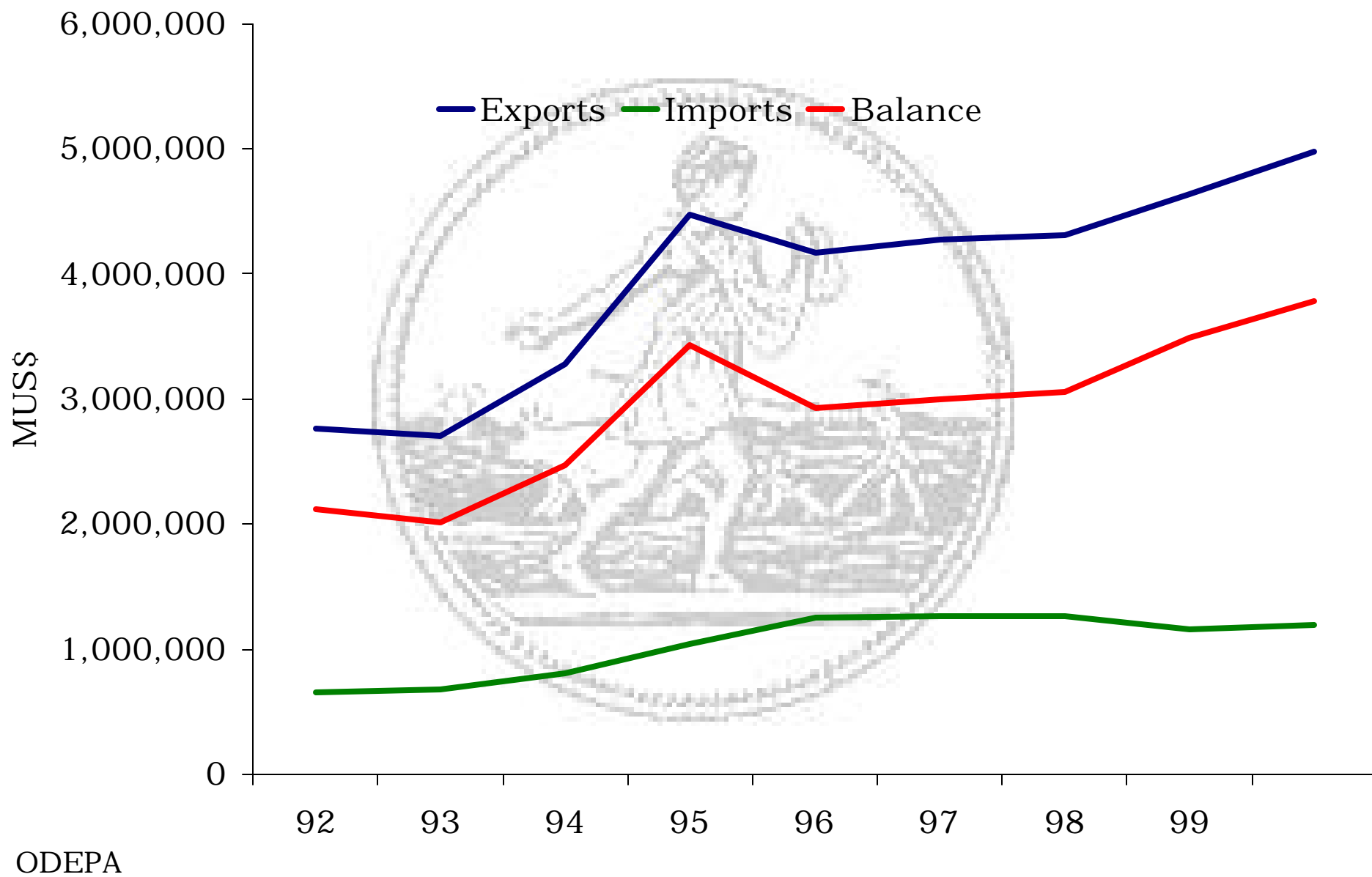
Agricultural Sector Composition, 2000



Agricultural Trade



Agricultural Trade Chile-World



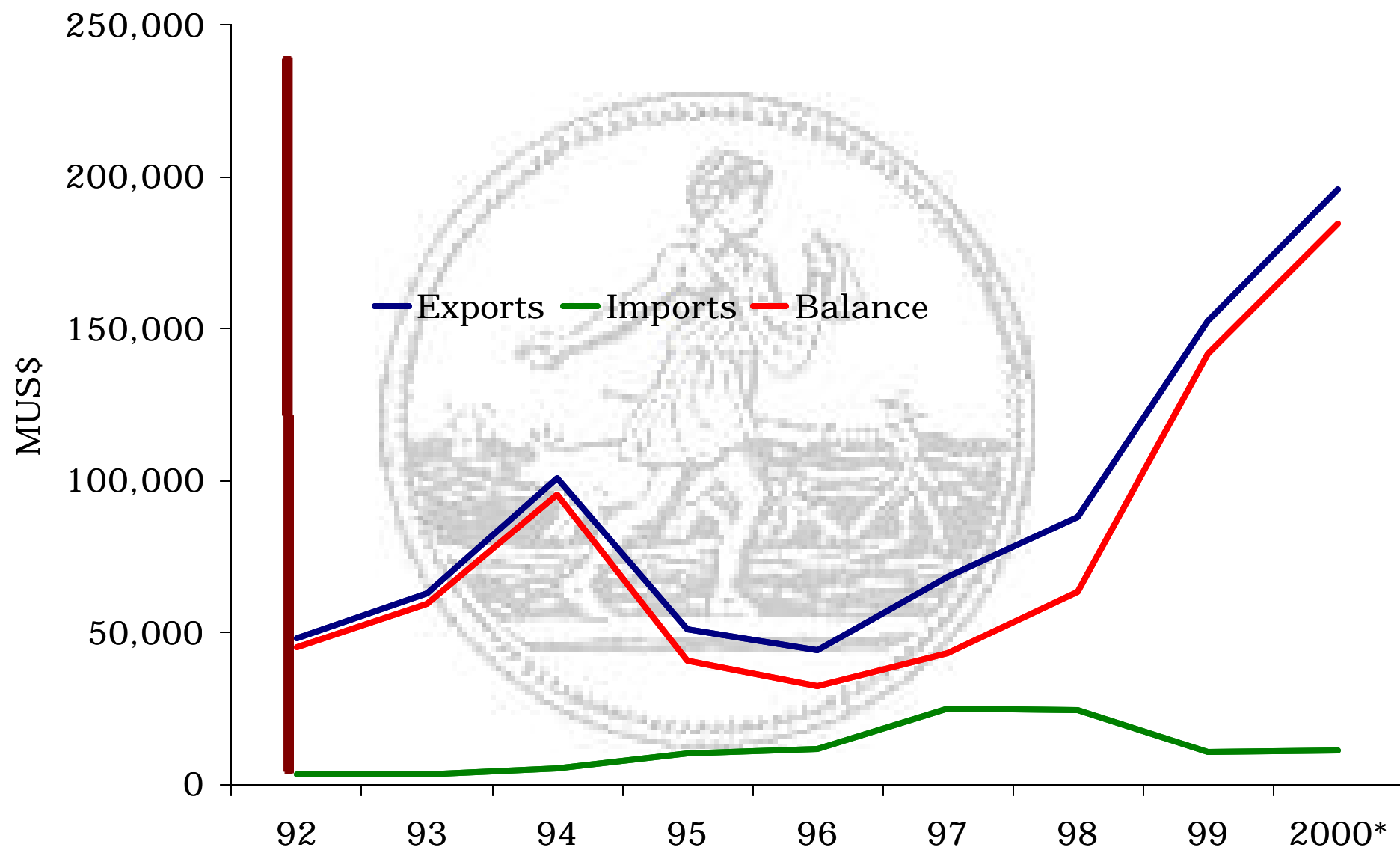


Impact of Regional Trade Blocks

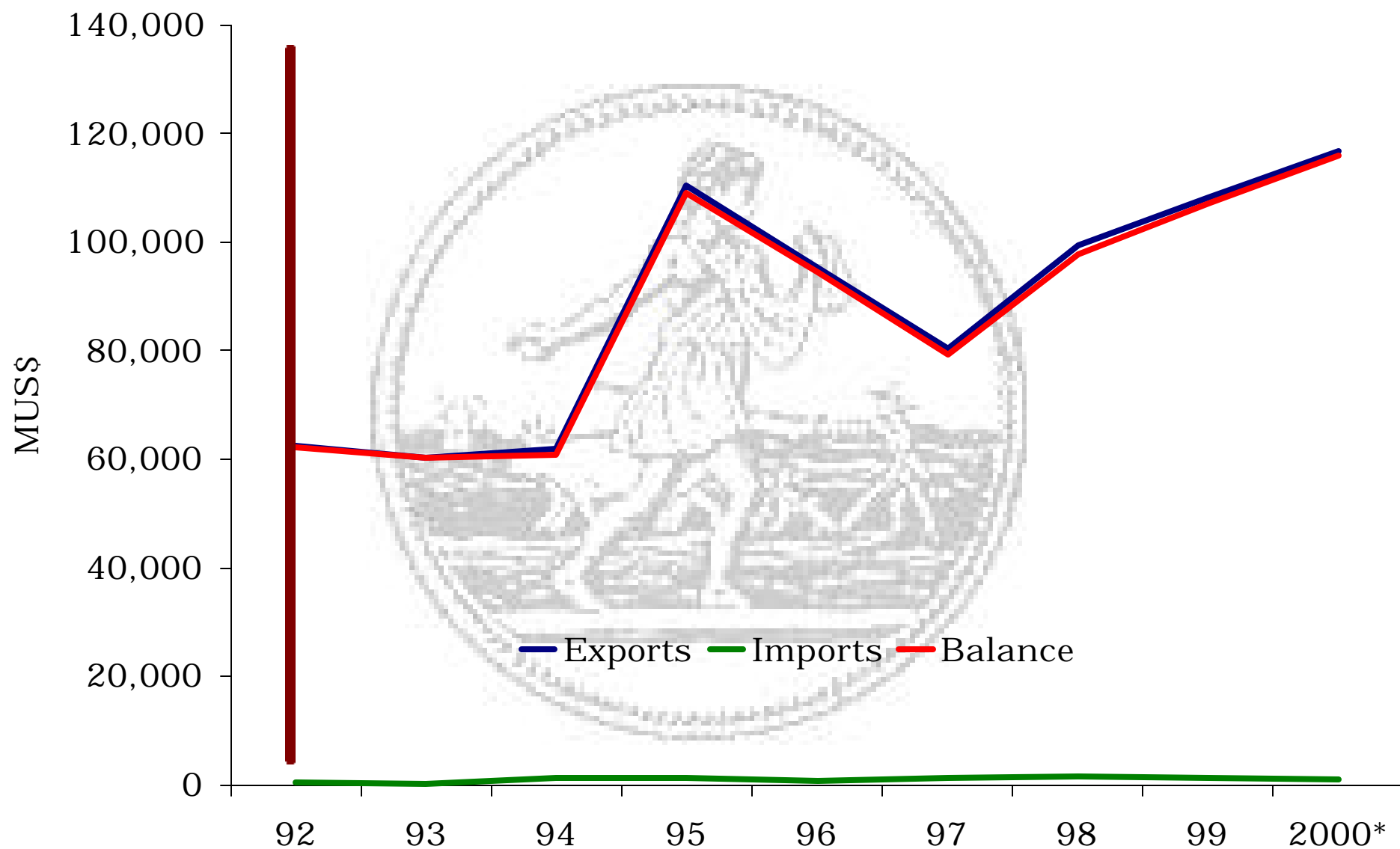
Chile has signed 7 trade agreements:

- 1991 Mexico
- 1992 Venezuela
- 1992 Bolivia
- 1993 Colombia
- 1994 Ecuador
- 1994 Perú
- 1996 Mercosur
- 1997 Canada

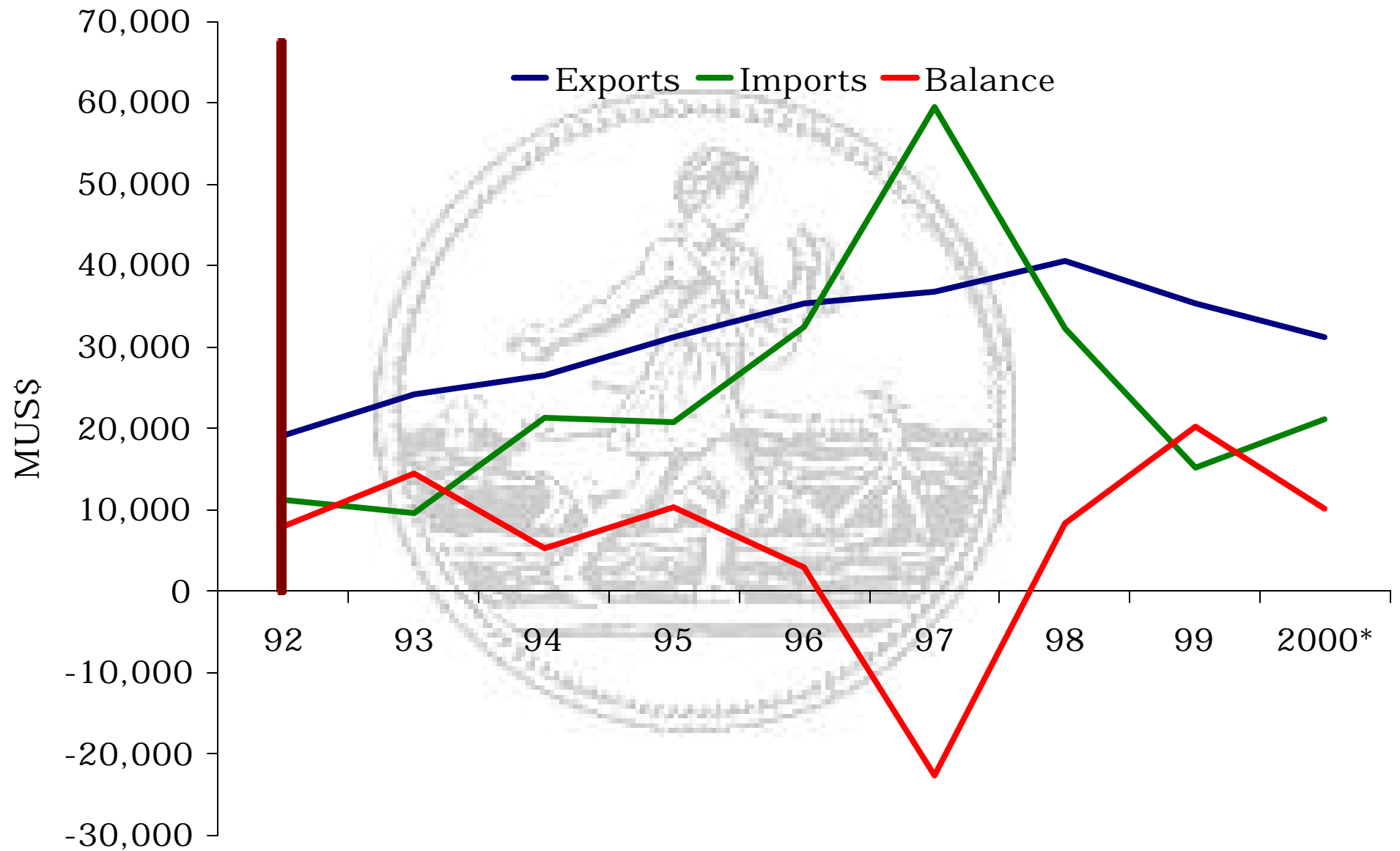
Agricultural Trade Chile-México



Agricultural Trade Chile-Venezuela

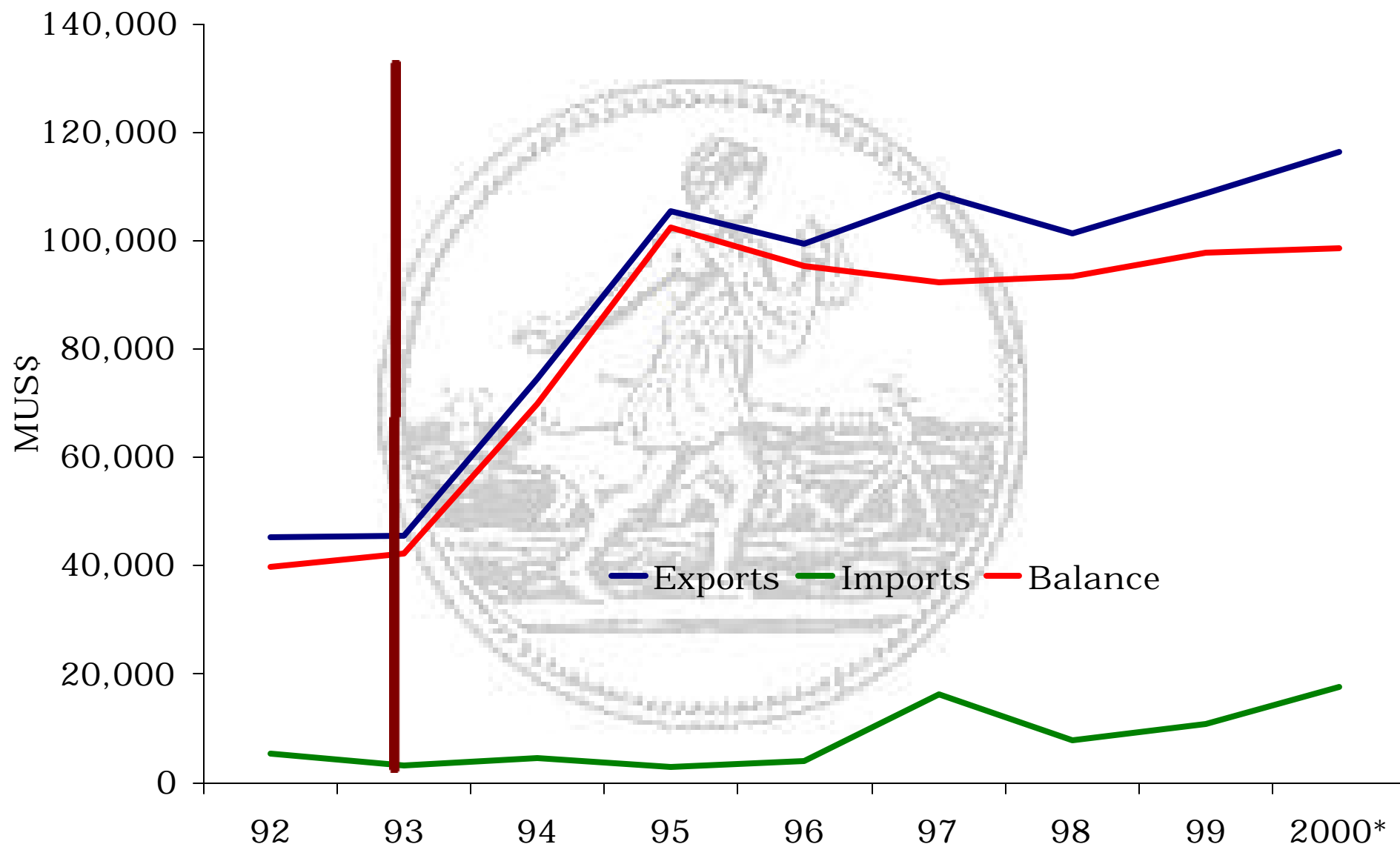


Agricultural Trade Chile-Bolivia



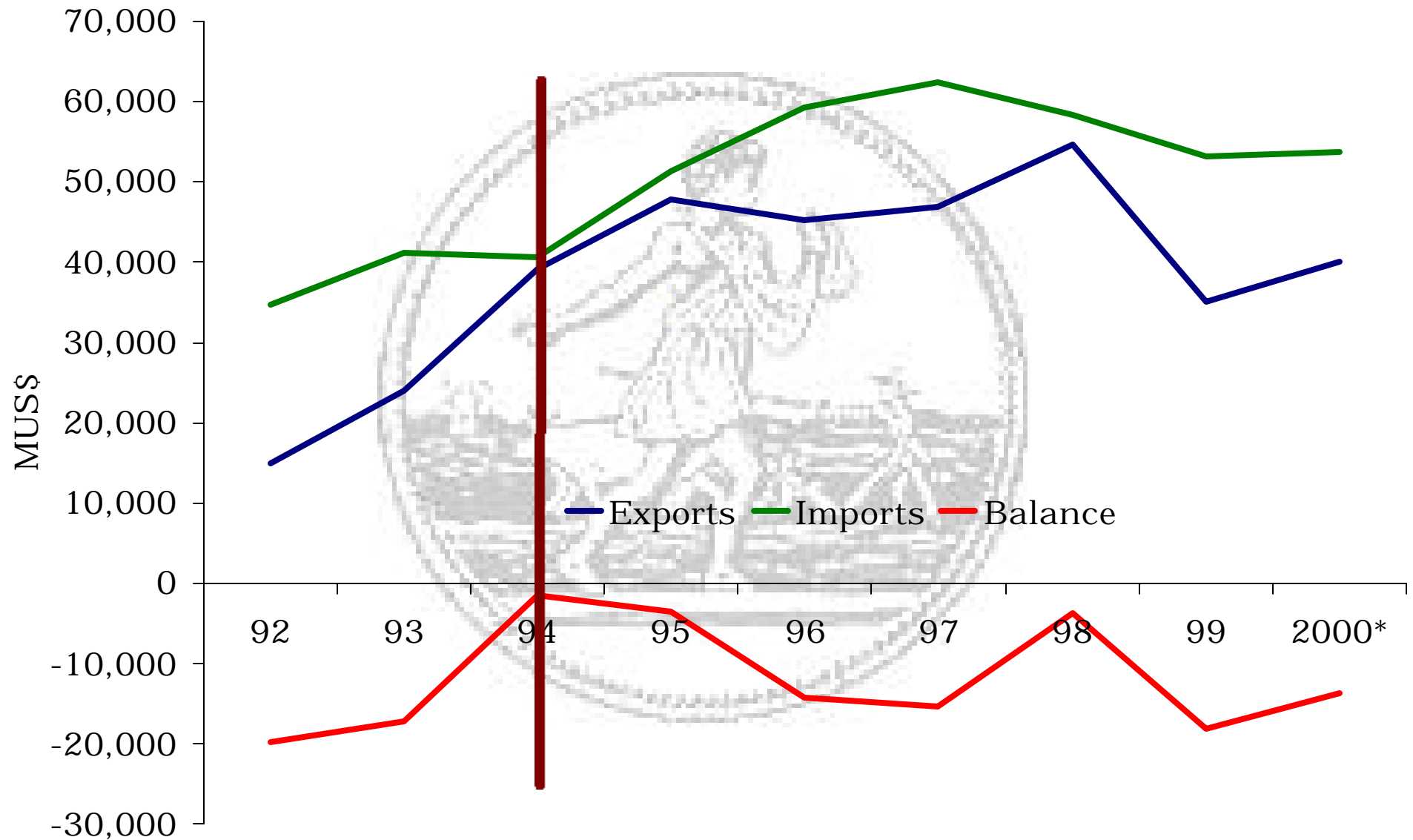
ODEPA

Agricultural Trade Chile-Colombia



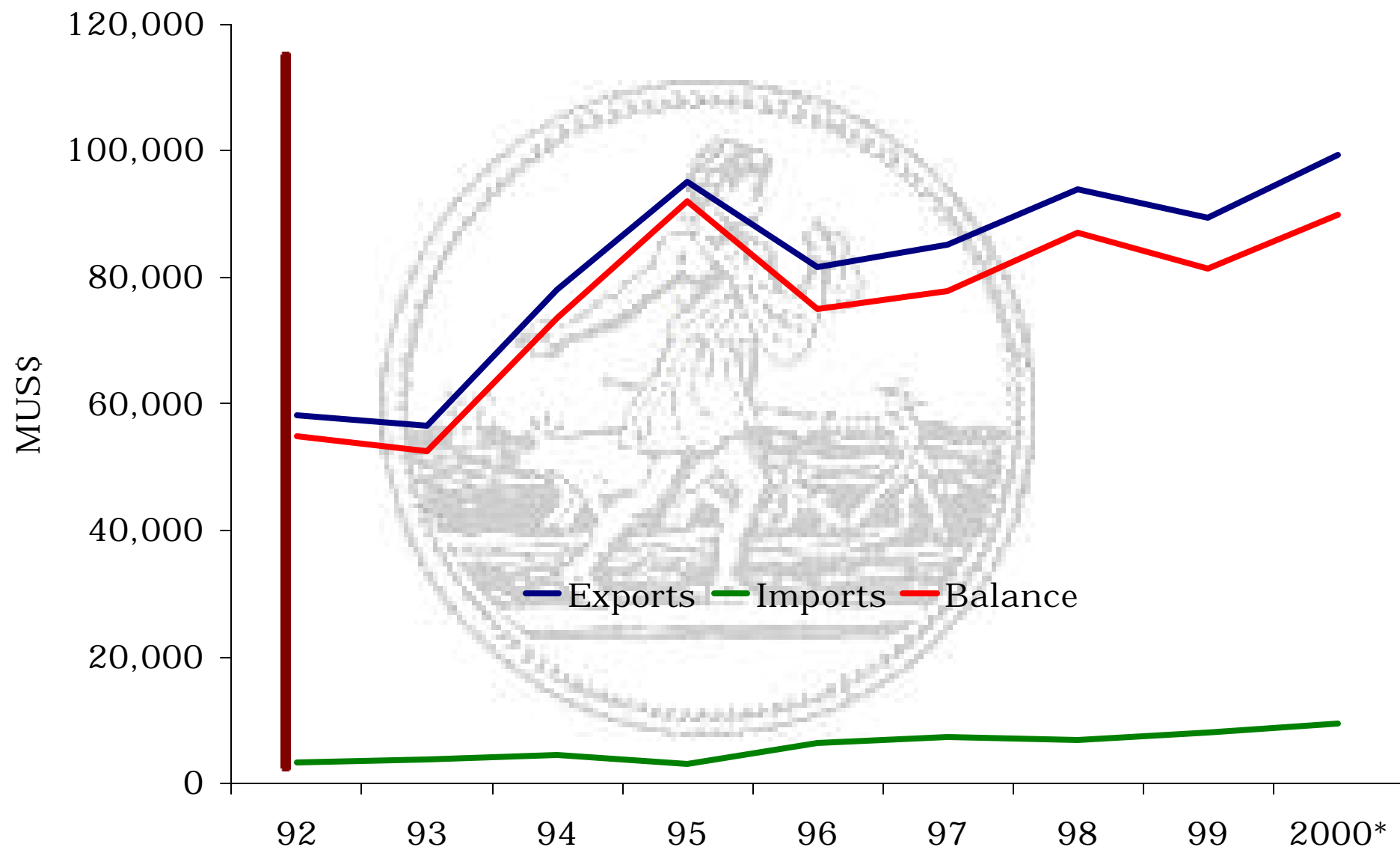
ODEPA

Agricultural Trade Chile-Ecuador

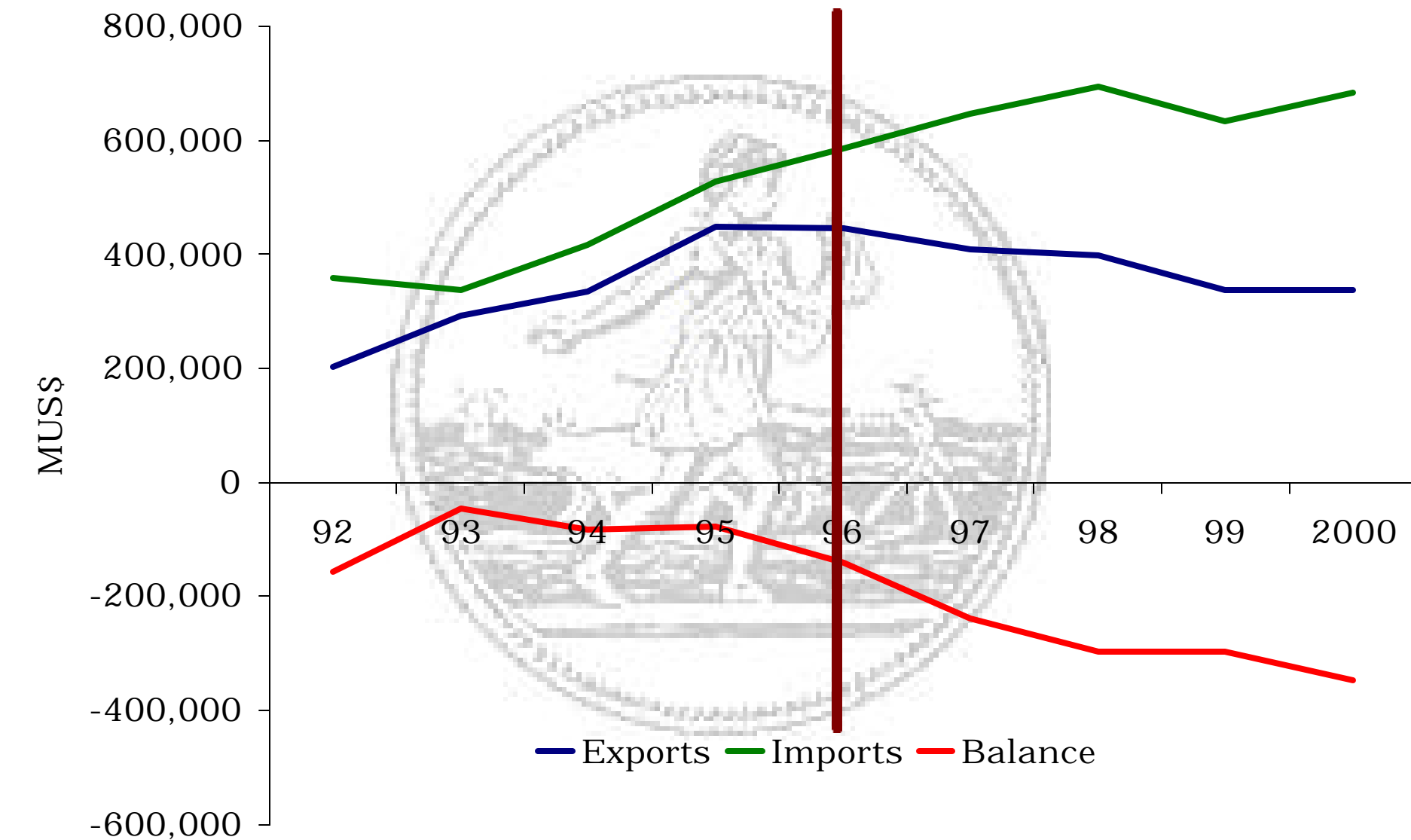


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Agricultural Trade Chile-Perú



Agricultural Trade Chile-Mercosur





CHILE - MERCOSUR

(Argentina; Brasil; Uruguay; Paraguay)

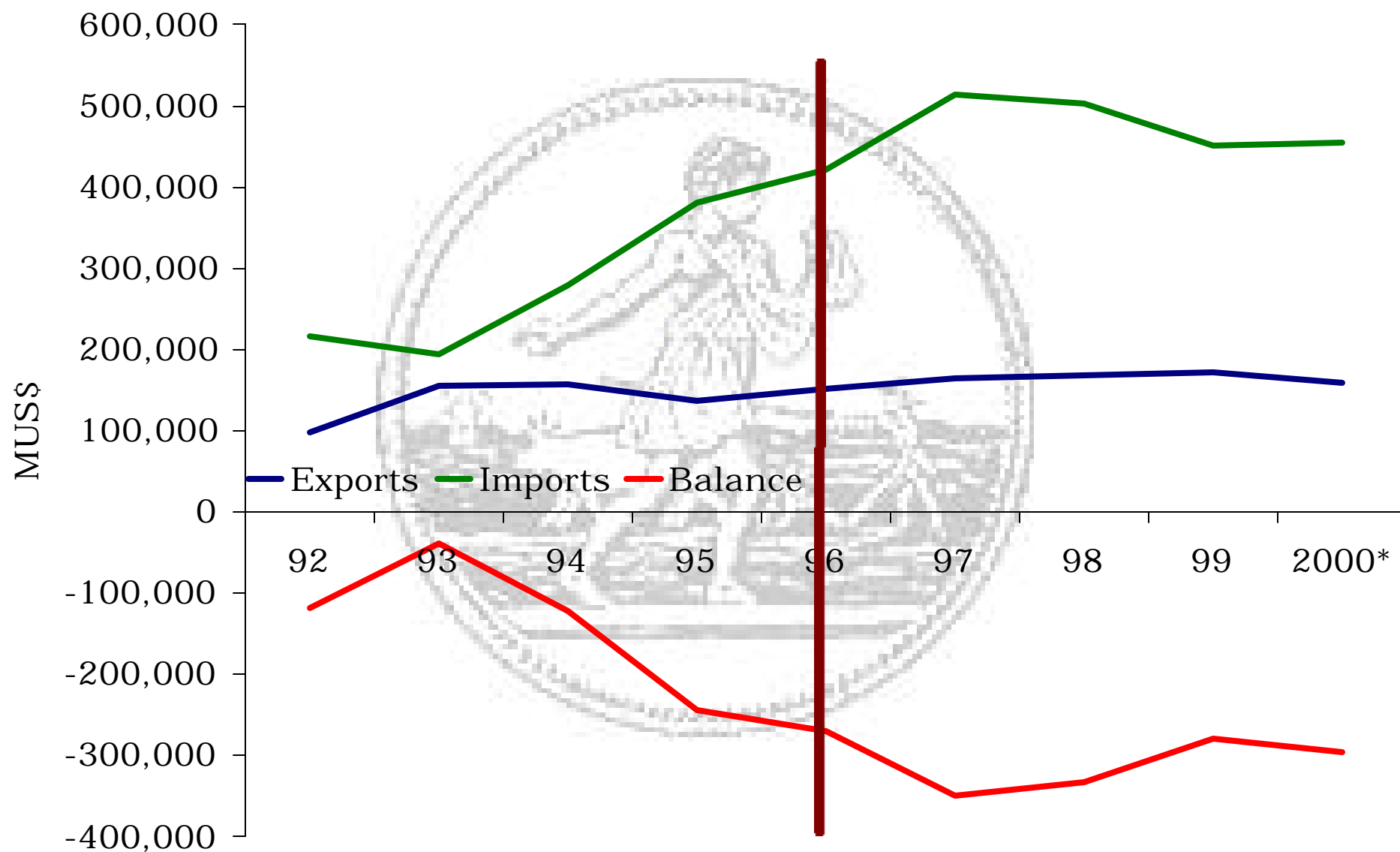
- **CHILE IS NOT A MEMBER. JUST ASSOCIATE MEMBER**
- **DIFFERENCES BETWEEN COUNTRIES AFFECT COMMERCE AND PRODUCE LACK OF CONFIDENCE**



CHILE - MERCOSUR

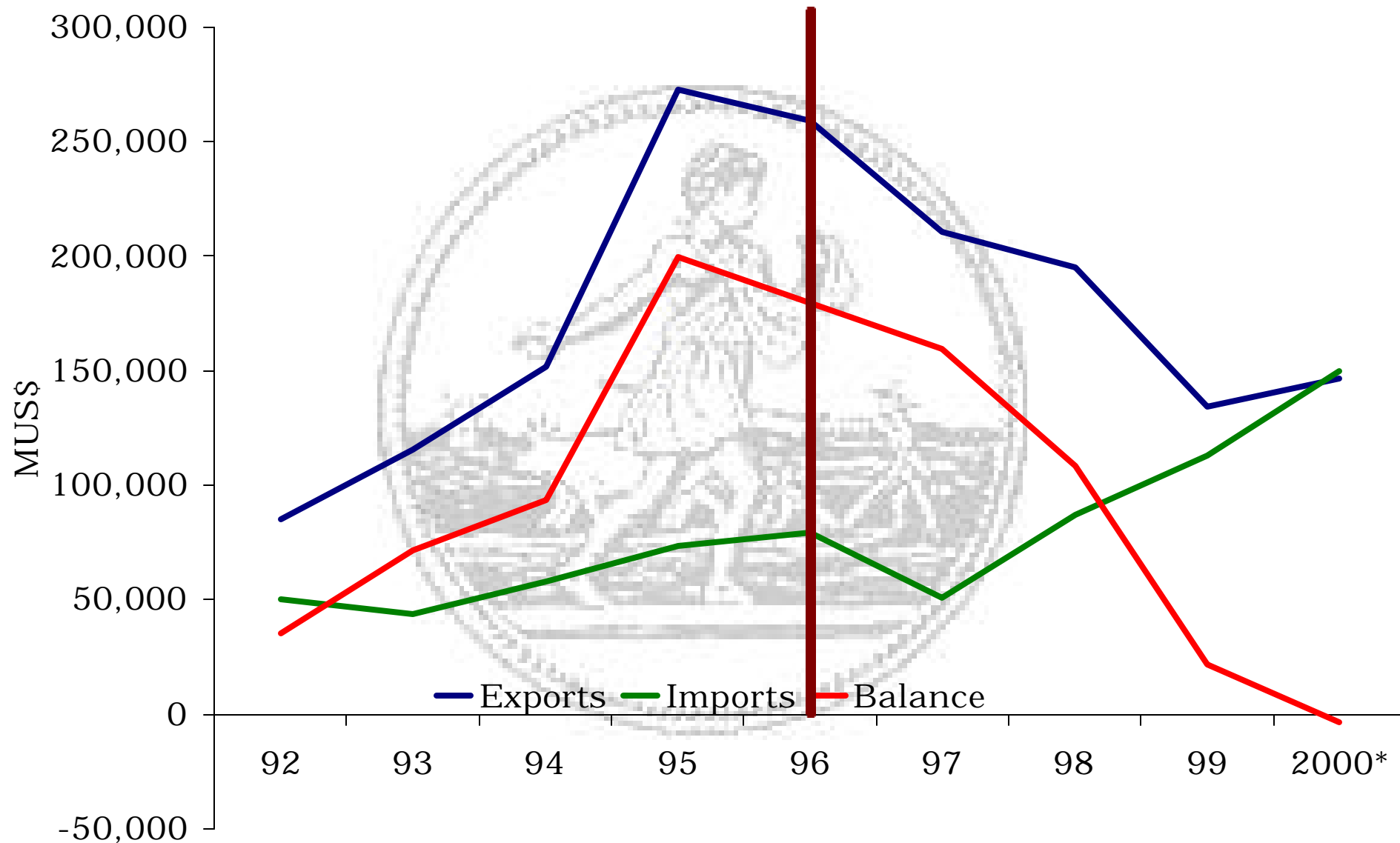
- **Chilean agricultural sector has been damaged due to negative negotiations:**
- **Poor defense of sensitive products (dairy products; red meat; grains) and weak positions for better oportunities related to competitive Chilean products: fresh fruit; wine; processed products;**

Agricultural Trade Chile-Argentina

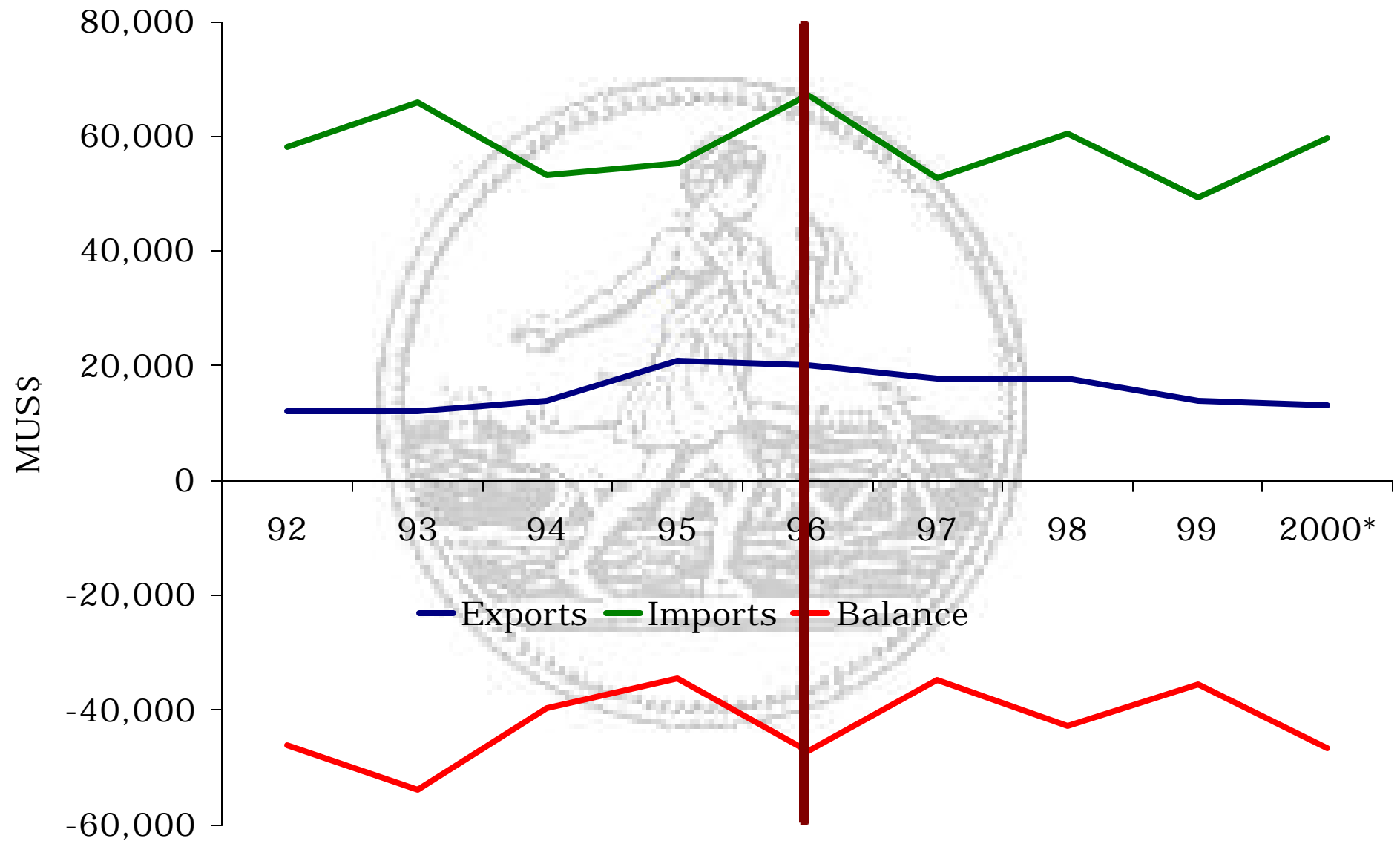


ODEPA

Agricultural Trade Chile-Brasil

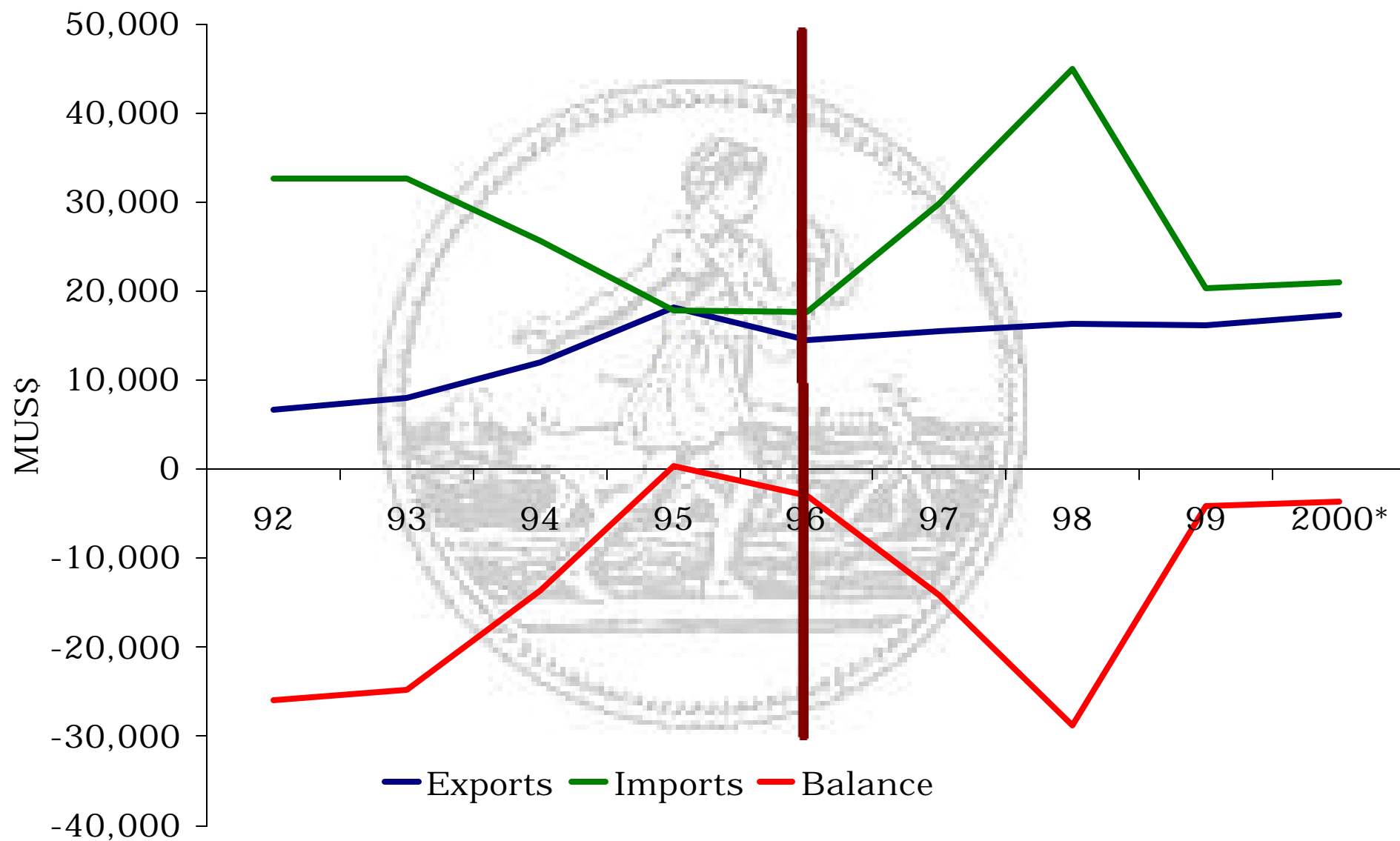


Agricultural Trade Chile-Paraguay



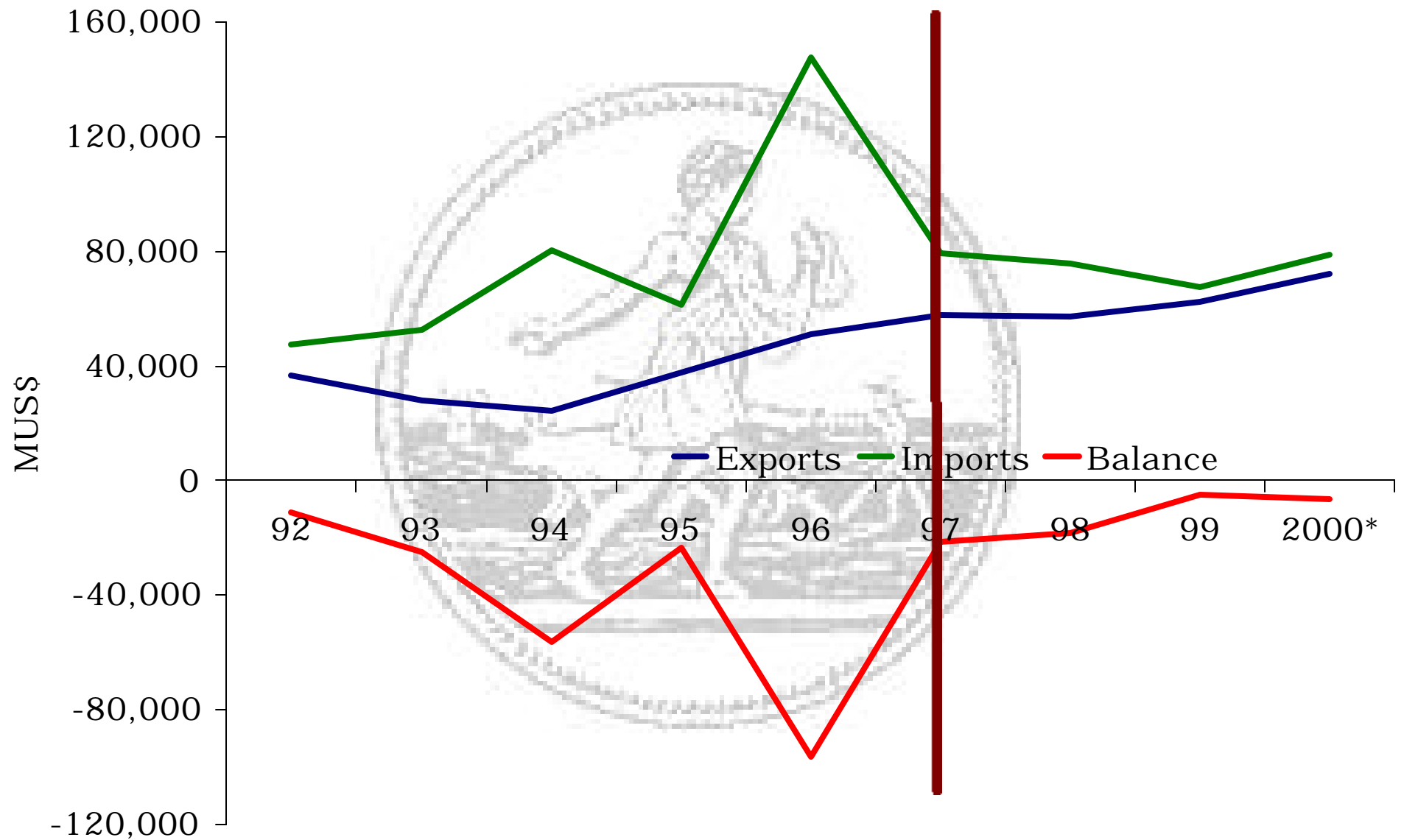
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Agricultural Trade Chile-Uruguay



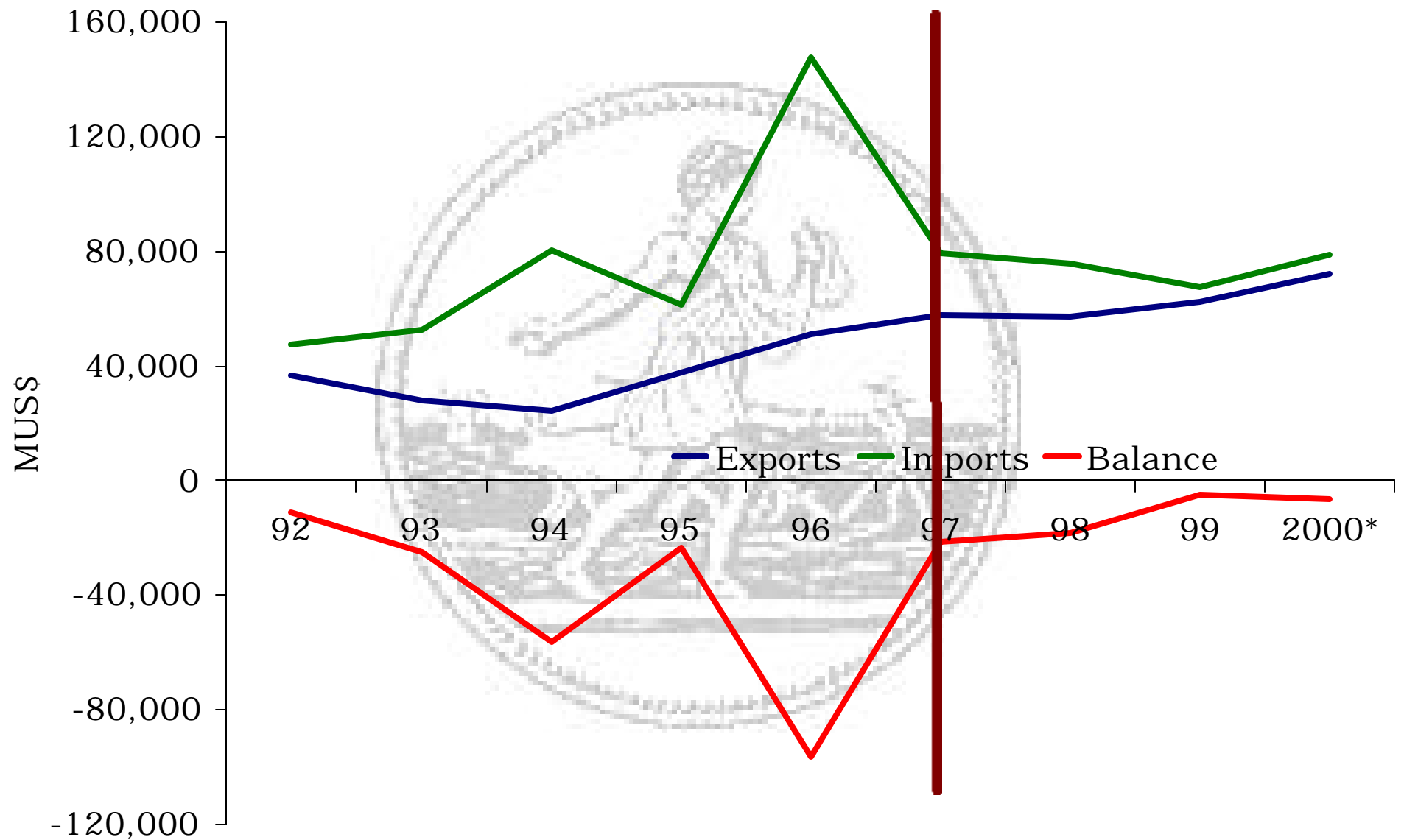
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Agricultural Trade Chile-Canadá



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Agricultural Trade Chile-Canadá





CHILE AND USA AGRICULTURAL SECTOR

CONTRIBUTION TO GDP (%):

- **CHILE: 5.8**
- **USA: 2.0**
- **USA GDP FOR AGRICULTURE IS
27.6 TIMES HIGHER THAN
CHILEAN GDP**

Central Bank and USDA, 1999



CHILE AND USA AGRICULTURAL SECTOR

- **NUMBER OF FARMS (MILLIONS):**
- **CHILE: 0.3**
- **USA: 2.0**

INE and USDA, 1999



CHILE AND USA AGRICULTURAL SECTOR

- **EXPORTS (US\$ BILLIONS)**
- **CHILE: 5.0**
- **USA: 51.0**

Odepa and USDA, 2000



CHILE AND USA AGRICULTURAL SECTOR

- **IMPORTS (US\$ BILLIONS)**
- **CHILE: 1.1**
- **USA: 38.9**

Odepa and USDA, 2000



CHILE AND USA AGRICULTURAL SECTOR

- **CHILE EXPORTS TO USA (US\$ billions):**
- **1.25 (2000)**
- **USA EXPORTS TO CHILE:**
- **0.14**

Odepa and USDA, 2000



CHILE AND USA AGRICULTURAL SECTOR

- **CHILE EXPORTS TO USA US\$ 5.0
PER CAPITA**
- **USA EXPORT TO CHILE US\$ 9.3
PER CAPITA**



CHILE AND USA AGRICULTURAL SECTOR

- **CHILE REPRESENTS ONLY 2.9 %
FROM IMPORTS OF USA**
- **USA REPRESENTS 12.2 % FROM
IMPORTS OF CHILE**

Odepa and USDA, 2000



CHILE AND USA AGRICULTURAL SECTOR

FISCAL BUDGET (1999) FOR AGRICULTURAL SECTOR:

- **CHILE: US\$ 0.4 BILLIONS**
- **US\$ 27 PER CAPITA**
- **USA: US\$ 55 BILLIONS**
- **US\$ 220 PER CAPITA**

Odepa and USDA



CHILE AND USA AGRICULTURAL SECTOR

- **FISCAL BUDGET FOR
AGRICULTURAL SECTOR/ARABLE
LAND IN USA (176.95 MM HAS):**
- **US\$ 310.82 PER HECTARES**
- **IN CHILE:**
- **US\$ 202.12 PER HECTARE (1.98
MM HAS)**

Odepa and FAO, 1999



CHILE AND USA AGRICULTURAL SECTOR

- **FISCAL BUDGET FOR
AGRICULTURAL
SECTOR/IRRIGATED LAND (21.4
MM HAS):**
- **US\$ 2,570.09/HA**
- **IN CHILE:**
- **US\$ 222.22/HA (1.8 MM HAS)**

Odepa and FAO, 1999



FREE TRADE AGREEMENT BETWEEN CHILE AND THE UNITED STATES OF AMERICA

THE AGRICULTURAL SECTOR



FTA: CHILE AND USA

GENERAL OBJECTIVES:

- TO CONFIRM TIES OF FRIENDSHIP AND COOPERATION**
- TO CONTRIBUTE TO ECONOMIC DEVELOPMENT AND COOPERATION**
- TO CREATE A FREE MARKET FOR GOODS AND SERVICES**



FTA: CHILE AND USA

- **TO REDUCE TRADE DISTORSIONS**
- **TO ESTABLISH LAWS OF CLEAR RULES FOR COMMERCIAL TRADE**



FTA: CHILE AND USA

- **TO IMPROVE COMPETITIVENESS OF AGRO INDUSTRY PRODUCTS IN THIRD MARKETS**
- **TO CREATE NEW OPPORTUNITIES FOR EMPLOYMENT**



FTA: CHILE AND USA

- **TO BETTER COMPETE AGAINST
COMMERCIAL BLOCKS OR
COUNTRIES**
- **TO IMPROVE PROTECTION OF
THE ENVIRONMENT**



FTA: CHILE AND USA

- **TO PROMOTE SUSTAINABLE DEVELOPMENT**
- **TO RECONFIRM THE WTO PRINCIPLES**



FTA: CHILE AND USA

- **AGRICULTURAL SECTORS OF BOTH COUNTRIES ARE COMPLEMENTARY AND NOT COMPETITIVE**
- **CHILE AND USA MUST COMPETE FAIRLY IN INTERNATIONAL MARKETS**



FTA: CHILE AND USA

- **USA IS LOSING OPORTUNITIES WITHOUT FTA**
- **AGRICULTURAL SECTOR IN CHILE IS COMPETITIVE AND TIME WILL ALLOW US TO ADAPT TO INTERNATIONAL CONDITIONS**



FTA: CHILE AND USA

- **CHILE DOES NOT SUBSIDIZE THE AGRICULTURAL SECTOR**
- **CHILE NEEDS USA INVESTMENTS TO IMPROVE COMPETITIVNEES**
- **CHILE AND USA HAVE SENSITIVE AREAS TO BE PROTECTED**



FTA: CHILE AND USA

- **CHILE HAS SIGNED FTA WITH 7 COUNTRIES AND IS STARTING NEGOTIATIONS WITH EU, SOUTH KOREA AND CENTRAL AMERICA.**
- **PRELIMINARY DISCUSSIONS WITH NEW ZEALAND AND JAPAN.**



FTA: GOALS

- **LIBERALIZATION OF AGRICULTURAL TRADE**
- **REDUCTION, ELIMINATION AND HARMONIZATION OF SANITARY AND PHYTOSANITARY MEASURES (SPS)**
- **ELIMINATION OF NON-TARIFF BARRIERS**



FTA: GOALS

- **HARMONIZE AGRICULTURAL CLASSIFICATION AND DEVELOPMENT OF GRADING STANDARDS**
- **ELIMINATION OF EXPORT SUBSIDIES**



FTA: GOALS

- **ENCOURAGE THE USE OF DOMESTIC SUPPORT PROGRAMS THAT ARE NOT TRADE-DISTORTING**
- **ENCOURAGE EVERY COUNTRY TO EFFECTIVELY ENFORCE THEIR OWN ENVIRONMENTAL AND LABOUR LAWS**



FTA: CHILE AND USA

SOME CONSIDERATIONS:

- **FOR A FAIR TRADE OF PRODUCTS, CHILE PROPOSES TO DIFER LIMITED TARIFF REDUCTIONS FOR SENSITIVE PRODUCTS.**



FTA: CONSIDERATIONS

- **USA MUST GUARANTEE THAT SUBSIDIZE PRODUCTS WILL NOT DISPLACE CHILEAN PRODUCTS IN THIRD MARKETS**
- **ELIMINATION OF SUBSIDIZE PRODUCTS FROM THIRD COUNTRIES FROM OUR MARKETS**



FTA: CONSIDERATIONS

- **SUPPORT MECHANISMS SHOULD NOT AFFECT PRICES DIRECTLY**
- **CHILE AND CAIRNS GROUP PROPOSED A GRADUAL REDUCTION OF SUBSIDIES**



FTA: CONSIDERATIONS

VERY IMPORTANT ISSUES:

- **OPEN ACCES TO MARKETS**
- **ELIMINATE BARRIERS TO TRADE**
- **SIMILAR REQUIREMENTS FOR DISTRIBUTION AND RETAIL SALES THAN IN THE USA**



FTA: CONSIDERATIONS

- **INCREASING INVESTMENT**
- **CHILE AND USA NEGOCIATE
TERMS CONSISTENT WITH OUR
TRADE AGREEMENTS WITH
THIRD COUNTRIES**



FTA: CONSIDERATIONS

FOREST SECTOR:

- **VERY POSITIVE SITUATION IN FAVOUR OF CHILE.**
- **WE PROPOSE TO CONSOLIDATE GSP (GENERAL SYSTEM OF PREFERENCES)**



FTA: CONSIDERATIONS

FRESH FRUIT AND VEGETABLE SECTORS:

- **ALMOST FULL FREE COMMERCE.**
- **LOW TARIFFS FAVOR AMERICAN CONSUMERS OFF-SEASON.**



FTA: CONSIDERATIONS

MEAT AND DAIRY PRODUCT **SECTORS:**

- **NO ACTIVE COMMERCE UP TO NOW**



FTA: CONSIDERATIONS

GRAINS, SUGAR AND SENSITIVE PRODUCTS:

- **EVERY COUNTRY SHOULD
MAINTAIN ITS OWN
PROTECTIONS**



FTA: SENSITIVE PRODUCTS

- **VERY IMPORTANT TO CHILE,
BUT USA SHOULD COMPETE
WITH CANADA (WHEAT,
LEGUMES); MERCOSUR
(WHEAT, OIL, SOYBEANS, RED
MEAT) AND NEW ZEALAND
(DAIRY PRODUCTS)**



FTA: CONSIDERATIONS

INDUSTRIAL SECTOR:

- **CHILE FEARS NON-TARIF BARRIERS AND FTA SHOULD OPEN MORE OPPORTUNITIES**



FTA: CONSIDERATIONS

FERTILIZERS; CHEMICALS; SEEDS AND MACHINERY:

- **USA IS LOOSING GREAT
OPPORTUNITIES WITHOUT FTA**



FTA: CHILEAN POSITION

- **FIRST PRIORITY: CONTROVERSY SOLUTIONS**
- **NON-TARIFFS OR TECHNICAL BARRIERS TO COMMERCE**
- **TRANSGENIC CROPS**



FTA: CHILEAN POSITION

- **EXTREME AND IMMEDIATE LABOR AND ENVIRONMENTAL REQUIREMENTS COULD REPRESENT A PROBLEM FOR THE PRIVATE SECTOR IN CHILE**
- **ANTIDUMPING LAWS IN USA**



FTA: CONCLUSIONS

- **WE MUST SET A FREE TRADE AGREEMENT BASED ON SIMILARITIES BETWEEN BOTH COUNTRIES, ADDING MORE INCENTIVES TO EXPLORE NEW MARKETS AS A BLOCK, AND INCREASED COMPETITIVENESS FOR THE AGRICULTURAL SECTOR.**



FTA: CONCLUSIONS

- **ACCESS TO THE USA MARKET:**
- **EASY SOLUTION OF CONTROVERSIES IS A MUST**
- **CLEAR AND WTO COMPATIBLE STANDARDS**



FTA: CONCLUSIONS

SOME SPECIFIC PROBLEMS:

- **LABELING.**
- **RECOGNITION OF MEAT AND POULTRY INSPECTION SYSTEM.**
- **FOOD SAFETY REQUIREMENTS.**
- **QUALITY REQUIREMENTS.**
- **MARKETING ORDERS.**



FTA: CONCLUSIONS

- **INVESTMENT AND TECHNOLOGY**
- **CHILEAN AGRICULTURAL SECTOR HAS GREAT POTENCIAL AND NEEDS INVESTMENT AND TECHNOLOGY TO IMPROVE COMPETITIVNESS**
- **FTA SHOULD FACILITATE AND MOTIVATE REGIONAL INVESTMENTS**



FTA: CONCLUSIONS

- **IMPROVES AND FACILITATE
CUSTOM PROCEDURES AND
CERTIFICATION OF ORIGIN FOR
AGRICULTURAL PRODUCTS**